

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)	
FILING OF JOHNSON COUNTY GAS)	CASE NO. 10415-DD
COMPANY, INC.)	

O R D E R

On April 24, 1991, in Case No. 91-004, the Commission approved adjustments to the rates of Johnson County Gas Company, Inc. ("Johnson County") on a quarterly basis in accordance with the Gas Cost Adjustment ("GCA") Clause set forth in the Order.

On June 2, 1997, Johnson County filed its GCA to become effective from July 1, 1997 to October 1, 1997.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Johnson County's notice of June 2, 1997 proposed rates designed to pass on its decreased wholesale gas costs to its customers. Johnson County's proposed expected gas cost ("EGC") is \$3.7427 per Mcf.
2. Johnson County's notice set out no refund adjustment.
3. Johnson County's notice set out a current quarter actual adjustment ("AA") of (9.4) cents per Mcf to return over-recovered gas cost from January, February and March 1997. The proposed total AA of (21.2) cents per Mcf reflects the current over-recovery as well as under- and over-recoveries from previous quarters.
4. Johnson County's notice set out a current quarter balance adjustment ("BA") of 20 cents per Mcf. Johnson County had based its calculation on an incorrect period; the

BA it calculated for this filing is the correct BA period for the next filing. The current BA should be 2.37 cents per Mcf. Johnson County's corrected total BA of .77 cent per Mcf reflects the current and three previous quarters' BAs.

5. These adjustments produce a gas cost recovery rate of \$3.5384 per Mcf, 92.76 cents per Mcf less than the prior rate.

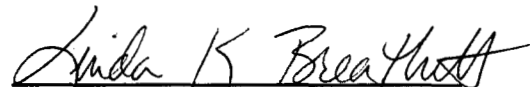
6. The corrected rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after July 1, 1997.

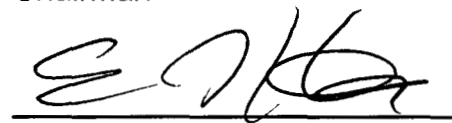
IT IS THEREFORE ORDERED that:

1. The rates proposed by Johnson County are hereby denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after July 1, 1997.
3. Within 30 days of the date of this Order, Johnson County shall file with this Commission its revised tariffs setting out the rates authorized herein.

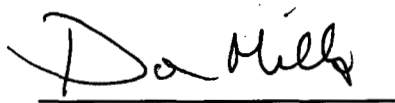
Done at Frankfort, Kentucky, this 1st day of July, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10415-DD DATED JULY 1, 1997

The following rates and charges are prescribed for the customers served by Johnson County Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge			\$3.00
All Mcf	\$2.9871	\$3.5384	\$6.5255

A surcharge of \$.4155 per Mcf will be added to the above rates until the obligation owed to Kentucky West Virginia Gas Company has been discharged, or is recalculated.